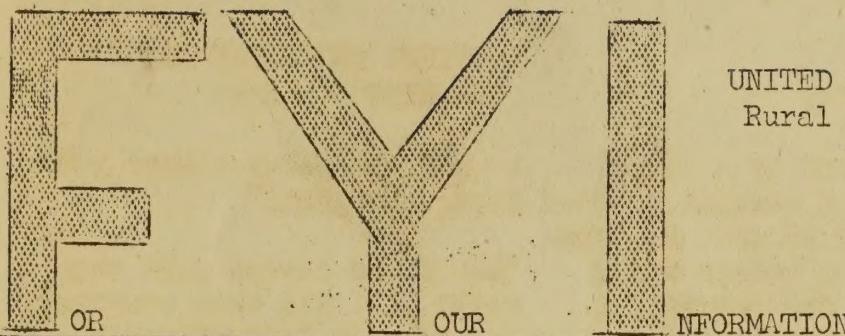


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UNITED STATES DEPARTMENT OF AGRICULTURE  
Rural Electrification Administration  
Washington 25, D. C.

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Prepared by the Information Division for the exclusive use of the REA staff

SAME OLD STORY

Power company propagandists still sing the same tune - the companies started the rural electrification movement away back at the turn of the century, they say, and according to their statistics the job is about done now.

The release announcing a rural electrification conference in November in Chicago, sponsored strongly by EEI, mentions the "rural electrification movement, which began in 1897." and other similar releases appear to try to detract from the credit which the public is giving REA.

Mr. H. M. Sawyer, chairman of the Prize Awards Committee of EEI, recently announced that the big job of connecting farms to highlines will be largely completed by the end of 1948.

A staff writer for the Herald Tribune states, without citing his authority, that a record number of homes are being connected to power lines, and that 100,000 of the 135,000 hooked up each month are in rural areas. He credits 20,000 to REA. The story implies that a substantial number of the 100,000 rural connections each month are farms.

Well, the record still stands. If anybody started a rural electrification movement in 1897, its progress was not visible to the naked eye, for less than 1% of our farms had service by 1935. In 1935 the power companies said that most farms which could really use power already had it. In 1945 they told Congress the end of the rural electrification program was in sight. But Census figures will show the farm electrification job about half finished, and the tough half ahead of us.

RATE REDUCTIONS

In the face of rising prices in almost every other part of our National economy, REA co-op rates are going down. During the past 4 months, REA has recommended downward revision of rate schedules to 37 co-ops, and new recommendations are going out at the rate of about three a week.

Most of the reductions consist of a lower minimum

IMITATION IS THE SINCEREST FORM OF FLATTERY

In their advertisements in current issues of farm papers, the Bell Telephone companies say "We're using AREA COVERAGE to extend farm telephone lines." After defining the term, they add, "This plan eliminates or reduces line construction charges which might otherwise apply."

"THEY DON'T PAY ANY TAXES"

An REA staff worker, traveling by bus in the Dakotas, got into casual conversation with the man who shared the same seat. He introduced himself, and identified himself as a power company engineer. "These REA co-ops," he said, "are sure raising the dickens with us. They come into our territory, take away our customers, and don't pay a cent of taxes."

"Are you sure of that?" the REAer asked.

"Absolutely sure," he replied. "They don't pay a dime."

"But I always understood that they paid taxes, just like every other business, except that because they are nonprofit and have no net income, they don't have any Federal income tax to pay."

"That isn't what we are told. My company says they don't pay any taxes."

"You'd better check that pretty carefully," the REAer said. "You ought to go to the head of your State revenue department

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## RATE REDUCTIONS (Con't)

bill for the same amount of current or a lower minimum bill for a lower amount of current coupled with a reduction in the next rate block. At present consumption, the average co-op member would save something like \$5 a year at the new rates, but it seems more likely that he will get more kilowatt hours for the same money he now pays.

Each reduction recommendation results from a careful study of present operating results, and estimate of revenue and expenditures for a year four or five years in the future, and a similar estimate for the system when it reaches its ultimate development.

Management has a goal of 200 rate recommendations during this fiscal year.

## 4,000,000 TONS OF FREIGHT

REA operations in fiscal 1946, 1947 and 1948 will provide more than four million tons of business for the railroads.

An estimate of this freight business is included in a statement by James R. Salisbury, Jr. to the Interstate Commerce Commission, as part of the Department's opposition to the railroads' request for a 25% increase in freight rates.

REA-financed construction in the three-year period will require 2,686,000 tons of poles, 257,000 tons of conductor, 209,000 tons of transformers, 112,000 tons of hardware, and 109,000 tons of guys and anchors; the total is estimated at 3,373,000 tons. Only 11% of the tonnage is represented by 1946 operations, 36% in 1947 and 53% in 1948.

Consumer purchases of wiring, plumbing and electrical farm and home equipment to be served from the REA-financed power lines will amount to 784,000 tons, distributed among the three years in almost the same percentages. Farm and home electrical equipment valued at \$476,400,000 will weigh 495 tons, wiring materials worth \$178,495,000 will weigh 186,000 tons, and the \$99,450,000 worth of plumbing materials and fixtures will weigh 103,000 tons.

All these figures are based, of course, on the assumption that materials will be freely available.

## "THEY DON'T PAY ANY TAXES" (Con't)

to see whether you have your facts straight."

"But these co-ops just came right in. All this territory around here is really ours, and they came right in."

"When they started, about three percent of your farms in the Dakotas had electricity, and even now only 10% have it. If it's your territory, why don't you serve the farms?"

"Oh, we haven't got around to it yet. But these co-ops don't pay any taxes....."

## POWER PRODUCTION AND INCOME

Morris L. Cooke, REA's first Administrator, prepared an interesting paper for the International Engineering Congress which will be held in September in Paris.

This paper, based on prewar figures, shows that the per capita income is lowest in the regions where agriculture is the predominant occupation and electrical energy output from all sources the smallest per capita. The extremes are China, which uses man-power almost exclusively, and the United States, where the use of mechanical power has advanced farthest. China, where 80 percent of the working population were engaged in agriculture and the energy consumption only 170 units per capita, had a per capita income of \$22. The United States, with 22 percent engaged in agriculture and an energy consumption of 7,000, had a per capita income of \$508.

